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18 Attorneys for Defendants American Oil
19 & Gas Inc., Patrick D. O'Brien, Andrew P.
20 Calerich, Jon R. Whitney, Nick DeMare;
21 and Scott Hobbs

22 UNITED STATES DISTRICT COURT

23 DISTRICT OF NEVADA

24 JOSEPH V. LUVARA, Individually)
25 And on Behalf of All Others)

26 Plaintiff,)

27 vs.)

28 AMERICAN OIL & GAS INC.,)
PATRICK D. O'BRIEN, ANDREW P.)
CALERICH, JON R. WHITNEY, NICK)
DeMARE, SCOTT HOBBS and HESS)
CORPORATION,)

Defendants.)

Case No.

NOTICE OF REMOVAL
(28 U.S.C. §§1441, 1446)

TO: THE UNITED STATES DISTRICT COURT, DISTRICT OF NEVADA:

1 Defendants, American Oil and Gas Inc. ("American Oil and Gas"), Patrick D.
2 O'Brien, Andrew P. Calerich, Jon R. Whitney, Nick DeMare, Scott Hobbs (collectively
3 "Removing Defendants"), by and through their attorneys, Woodburn and Wedge, file this
4 Notice of Removal.

5 1. American Oil and Gas, Patrick D. O'Brien, Andrew P. Calerich, Jon R.
6 Whitney, Nick DeMare, Scott Hobbs are defendants in the civil action commenced on July 29,
7 2010, in the First Judicial District Court of the State of Nevada, entitled Joseph V. Luvara vs.
8 American Oil and Gas Inc., Patrick D. O'Brien, Andrew P. Calerich, Jon R. Whitney, Nick
9 DeMare, Scott Hobbs and Hess Corporation, bearing case no. 10-0C00321 1B. A true and
10 correct copy of the Summons and the Complaint, which was filed on or about July 29, 2010,
11 are attached hereto as Exhibit A.
12

13 2. Pursuant to 28 U.S.C. §§1441, 1446, Removing Defendants remove this action
14 to the United States District Court for the District of Nevada, which is the judicial district in
15 which this action is pending.
16

17 **Diversity Jurisdiction.**

18 3. Removal of this action from the Second Judicial District Court of Nevada to
19 this Court is proper under 28 U.S.C. §1441(a) because this Court would have had original
20 jurisdiction of the action on the basis of diversity of citizenship, pursuant to 28 U.S.C. §1332,
21 had the action originally been brought in this Court.
22

23 4. There is complete diversity of citizenship between Plaintiff and Defendants in
24 this action because:

- 25 a. Plaintiff, Joseph V. Luvara is believed to be a resident of Pennsylvania.
26 b. Defendant Patrick D. O'Brien is a resident of the State of Colorado.
27 c. Defendant Andrew P. Calerich is a resident of the State of Colorado.
28

1 d. Defendant Jon R. Whitney is a resident of the State of Colorado.

2 e. Defendant Nick DeMare is a Canadian citizen.

3 f. Defendant Scott Hobbs is a resident of the State of Colorado.

4 g. Hess Corporation is a Delaware corporation and maintains its principal
5 place of business in the State of New York.

6 h. American Oil and Gas is a Nevada corporation and maintains its
7 principal place of business in the State of Colorado. The only non-diverse, Nevada
8 resident defendant is American Oil. Since American Oil has been fraudulently joined,
9 its presence will not defeat diversity jurisdiction. *See Ritchey v. Upjohn Drug Co.*, 139
10 F.3d 1313, 1318 (9th Cir. 1988).

11
12 5. Diversity Jurisdiction is Proper because Defendant American Oil and Gas was
13 fraudulently joined and therefore removal of this action is also proper under 28 U.S.C. 1441(b)
14 and 28 U.S.C. 1332(a), because as specified above, no party properly joined in this action as a
15 defendant is a citizen of the State of Nevada, the State in whose court the action is currently
16 pending and because the parties to this action are citizens of different states.

17
18 6. The amount in controversy in this case exceeds \$75,000. In this action, the
19 Plaintiff exclusively seeks injunctive relief. When a plaintiff seeks equitable relief, "the
20 amount in controversy is measured by the value of the object of the litigation." *Hunt v.*
21 *Washington State Apple Advertising Comm'n*, 432 U.S. 333, 347 (1977). Here, the Plaintiff
22 seeks to halt the merger between American Oil & Gas, Inc. and Hess Corp. The value of the
23 Plaintiff's relief amounts to hundreds of millions of dollars, both in value lost to the putative
24 class and in harm done to the Defendants.

25
26 Because the Plaintiff seeks an injunction that enforces a collective right of the class—
27 the right of all shareholders to the fiduciary duties of the officers and directors—it is
28

appropriate to consider the value of the injunction from the Defendants' perspective. *In re Ford Motor Co.*, 264 F.3d 952, 959 (9th Cir. 2001); *cf. Eagle v. AT & T Co.*, 769 F.2d 541, 547 (9th Cir. 1985) (holding shareholders' derivative claim to be the exercise of a common, undivided right for the purposes of amount-in-controversy). The Plaintiff alleges that the Defendants stand to gain \$57 million from the transaction. (Luvara Compl. ¶¶ 9, 39.) Thus, the Defendants will lose more than \$75,000 if the Plaintiff gets the relief it requests.

The value of the injunctive relief also meets the amount-in-controversy threshold from the Plaintiff's perspective. The Plaintiff alleges that American Oil's stock price closed at \$7.14 per share once the merger was announced, but that analysts had predicted a target of \$8.79 per share. (Luvara Compl. ¶ 3, 4.) Given that American Oil has approximately 60 million shares of stock (Luvara Compl. ¶ 24), the alleged loss to the Plaintiff class totals around \$99 million dollars. The amount-in-controversy threshold is thus satisfied from either the Plaintiff's or the Defendants' viewpoint. *In re Ford Motor Co.*, 264 at 959.

7. Defendant, Hess Corporation, joins in the removal of this action to the United States District Court, District of Nevada.

8. This Notice of Removal is timely under 28 U.S.C. §1441(b), because it is filed within 30 days after the receipt by the Removing Defendants of the Summons Complaint.

9. A copy of the Notice of Removal of Case to Federal Court filed on August 19, 2010, in the First Judicial District Court of the State of Nevada, in case no. 10-0C00322 1B, is attached hereto as Exhibit B.

10. All pleadings on file in the state court action at the time of removal are attached hereto as follows:

<u>Title of Pleading</u>	<u>Filing Date</u>	<u>Exhibit No.</u>
Summons and Complaint	July 29, 2010	A

WHEREFORE, Defendants American Oil and Gas, Inc, Patrick D. O'Brien, Andrew P. Calerich, John R. Whitney, Nick DeMare and Scott Hobbs respectfully request that this action be removed to the United States District Court, District of Nevada.

WOODBURN AND WEDGE

By:

Attorneys for Defendants, American Oil and Gas Inc., Patrick D. O'Brien, Andrew P. Calerich, Jon R. Whitney, Nick DeMare, and Scott Hobbs

CERTIFICATE OF MAILING

Pursuant to FRCP 5(b), I certify that I am an employee of Woodburn and Wedge and that on this date I deposited in the United States Mail, with postage prepaid, a true copy of the foregoing document in a sealed envelope addressed to:

William O'Mara
David O'Mara
William O'Mara Law Firm, P.C.
311 East Liberty Street
Reno, NV 89501

Robbins Geller Rudman & Dows LLP
Darren J. Robbins
Randall J. Baron
A. Rick Atwood, Jr.
David T. Wissbroecker
David A. Knotts
Eun Jin Lee
655 West Broadway, Suite 1900
San Diego, CA 92101-3301

Kendall Law Group
Joe Kendall
Scott Kendall
3232 McKinney Avenue, Suite 700
Dallas, TX 75204

Abran Vigil
Robert C. Kim
Shane Jasmine Young
100 North City Parkway, Suite 1750
Las Vegas, NV 89106-4617

DATED this 19th day of August, 2010.

Candace I. Mayhew

EXHIBIT A

EXHIBIT A

Your name: David C. O'Mara, Esq. (8599)

Mailing Address: 311 E. Liberty Street

City, State, Zip: Reno, NV 89501

Telephone: (775) 323-1321

In Proper Person

**In The First Judicial District Court of the State of Nevada
In and for Carson City**

JOSEPH V. LUVARA,

Plaintiff,

Case No.: 10 CC 00321 B

Dept. No. I

vs.

Add 1
SUMMONS

AMERICAN OIL & GAS, INC., et al

Defendant.

THE STATE OF NEVADA SENDS GREETINGS TO THE ABOVE-NAMED DEFENDANT:

**NOTICE! YOU HAVE BEEN SUED. THE COURT MAY DECIDE AGAINST YOU
WITHOUT YOUR BEING HEARD UNLESS YOU RESPOND WITHIN 20 DAYS.
READ THE INFORMATION BELOW.**

TO THE DEFENDANT: A civil Complaint has been filed by the plaintiff against you.

1. If you wish to defend this lawsuit, you must, within 20 days after this Summons is served on you, exclusive of the day of service, file with this Court a written pleading* in response to this Complaint.
2. Unless you respond, your default will be entered upon application of the plaintiff, and this Court may enter a judgment against you for the relief demanded in the Complaint**, which could result in the taking of money or property or the relief requested in the Complaint.
3. If you wish to seek the advice of an attorney in this matter, you should do so promptly so that your response may be filed on time.
4. You are required to serve your response upon plaintiff's attorney, whose address is

ALAN GLOVER, Clerk of the Court

By: _____, Deputy Clerk

Date: July 27, 2010

*There is a fee associated with filing a responsive pleading. Please refer to fee schedule.

**Note - When service by publication, insert a brief statement of the object of the action. See Rule 4.

RETURN OF SERVICE ON REVERSE SIDE

AFFIDAVIT OF SERVICE (For General Use)

1 STATE OF _____)
 2) ss.
 2 COUNTY OF _____)

3 _____, declares under penalty of perjury:
 4 That affiant is, and was on the day when (s)he served the within Summons, over 18 years of age, and not a party to,
 5 nor interested in, the within action; that the affiant received the Summons on the _____ day of
 6 _____, 20_____, and personally served the same upon _____
 7 the within named defendant, on the _____ day of _____, 20_____, by delivering to the said defendant,
 8 personally, in _____, County of _____, State of _____, a
 9 copy of the Summons attached to a copy of the Complaint.

I declare under penalty of perjury under the law of the state of Nevada that the foregoing is true and correct.

Executed this _____ day of _____, 20_____.

Signature of person making service

NEVADA SHERIFF'S RETURN
(for use of Sheriff of Carson City)

10 STATE OF NEVADA)
 11) ss.
 12 CARSON CITY)

13 I hereby certify and return that I received the within Summons on the _____ day of _____,
 14 20_____, and personally served the same upon _____,
 15 the within named defendant, on the _____ day of _____, 20_____, by delivering to the said
 16 defendant, personally, in Carson City, State of Nevada, a copy of the Summons attached to a copy of the Complaint.

KENNY FURLONG, Sheriff of Carson City, Nevada

16 Date: _____, 20_____.

By: _____, Deputy

AFFIDAVIT OF MAILING
(For use when service is by publication and mailing)

18 STATE OF _____)
 19) ss.
 20 COUNTY OF _____)

21 _____, declares under penalty of perjury:
 22 That affiant is, and was when the herein described mailing took place, over 18 years of age, and not a party to, nor
 23 interested in, the within action; that on the _____ day of _____, 20_____, affiant deposited in the
 24 Post Office at _____, Nevada, a copy of the within Summons attached to a copy of the
 25 Complaint, enclosed in a sealed envelope upon which first class postage was fully prepaid, addressed to
 _____ the within named defendant, at _____
 _____; that there is a regular communication by mail
 between the place of mailing and the place so addressed.

I declare under penalty of perjury under the law of the state of Nevada that the foregoing is true and correct.

Executed this _____ day of _____, 20_____.

NOTE - If service is made in any manner permitted by Rule 4 other than personally upon the defendant, or
 is made outside the United States, a special affidavit or return must be made.

1 THE O'MARA LAW FIRM, P.C.
2 WILLIAM M. O'MARA (Nevada Bar No. 837)
3 DAVID C. O'MARA (Nevada Bar No. 8599)
4 311 East Liberty Street
5 Reno, NV 89501
6 Telephone: 775/323-1321
7 775/323-4082 (fax)

8 Attorneys for Plaintiff

9 [Additional counsel appear on signature page.]

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IN THE FIRST JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA
IN AND FOR CARSON CITY

JOSEPH V. LUVARA, Individually)
and on Behalf of All Others)
Similarly Situated,)

Plaintiff,)

vs.)

AMERICAN OIL & GAS INC.,)
PATRICK D. O'BRIEN, ANDREW P.)
CALERICH, JON R. WHITNEY, NICK)
DeMARE, SCOTT HOBBS and HESS)
CORPORATION,)

Defendants.

Case No. 10 CC 00321 B

Dept No. X

CLASS ACTION

COMPLAINT FOR BREACH OF
FIDUCIARY DUTIES

INTRODUCTION

1
2 1. This is a stockholder class action brought by plaintiff
3 on behalf of the holders of American Oil & Gas Inc. ("American
4 Oil" or the "Company") common stock against American Oil, its Board
5 of Directors (the "Board"), and Hess Corporation ("Hess"), arising
6 out of their breaches of fiduciary duty and/or aiding and abetting
7 such breaches of fiduciary duty in connection with their agreement
8 to enter into a merger transaction whereby Hess will acquire
9 American Oil via an unfair process and at an unfair price (the
10 "Proposed Buyout").

11 2. American Oil is an independent oil and gas exploration
12 and production company, incorporated in Nevada, engaged in
13 acquiring oil and gas mineral leases and in the exploration and
14 development of crude oil and natural gas reserves and production in
15 the United States Rocky Mountain region. American Oil's focus has
16 been on building large acreage positions in the Rocky Mountain
17 region and performing initial drilling and completion activities in
18 an attempt to establish commercial production in these areas. As
19 of December 31, 2009, American Oil owned interests in approximately
20 514,000 gross (320,600 net) acres primarily in the Powder River
21 Basin of Wyoming, in the Williston Basin of North Dakota and in its
22 Bigfoot project in the Rocky Mountain region. In the Powder River
23 Basin, its major projects are Fetter and Krejci. In the Williston
24 Basin, its major project is Goliath, where it is drilling lateral
25 wells to the Bakken and Three Forks oil formations. During the year
26 ended December 31, 2009, it drilled 11 gross (8.25 net) shallow gas
27 wells at Bigfoot, acquired interests in 10 gross (0.6 net) wells
28

1 previously drilled at Goliath and sold interests in three gross
2 (one net) wells previously drilled at Goliath.

3 3. On July 27, 2010, Hess and American Oil jointly announced
4 that both companies had entered into a merger agreement whereby
5 each outstanding share of American Oil common stock would be
6 exchanged for 0.1373 shares of Hess common stock. This amount,
7 according to the joint press release, represents a mere 9.4%
8 premium to the price of American Oil's stock at closing on July 27,
9 2010. But the market viewed the Proposed Buyout even less
10 favorably. After the announcement, on July 28, 2010, American
11 Oil's shares closed at \$7.14 per share, representing only a 6.73%
12 increase from the day before. The July 28, 2010 closing price also
13 represents a **discount** to American Oil's stock price on May 3, 2010,
14 which hit \$7.74 per share.

15 4. The Proposed Buyout also amounts to a significant
16 discount to analysts' expectations of American Oil's stock price.
17 According to Thomson/First Call, one analyst set a target price of
18 **\$10.00 per share** and the mean target of all analysts covering
19 American Oil was \$8.79 per share before the announcement of the
20 Proposed Buyout.

21 5. American Oil's stockholders have also enjoyed tremendous
22 gains in the value of their stock throughout the past year. The
23 paltry consideration offered by Hess does not take into account the
24 significant recent improvement in American Oil's financial
25 performance, which propelled the Company's stock price from just
26 \$0.61 per share to \$6.69 per share on July 27, 2010, **representing a**
27 **1,000% increase**. That rise would have continued unabated but for
28 the announcement of the Proposed Buyout on July 27, 2010, which

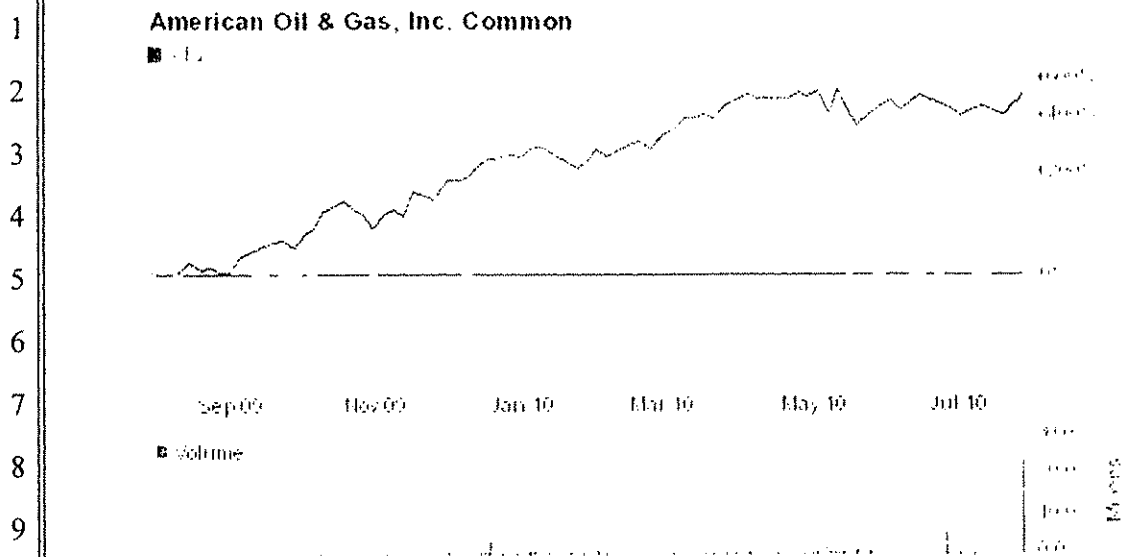
1 serves to temporarily restrict the ascension of American Oil's
2 stock price. Over the next four quarters, according to
3 Thomson/First Call, analysts predict astounding 822.50% and 265.70%
4 increases in American Oil's sales growth over this year and next,
5 respectively. For the next quarter, analysts predict a **1,150%**
6 increase in American Oil's sales.

7 6. Hess's stock price, on the other hand, has decreased
8 nearly 20% in the past three months alone. Notably, Hess's
9 production in the United States was derived principally from
10 properties offshore in the Gulf of Mexico, which include the Shenzi
11 (Hess 28%), Llano (Hess 50%), Conger (Hess 38%), Baldpate (Hess
12 50%), Hack Wilson (Hess 25%) and Penn State (Hess 50%) fields.
13 According to its last annual report, Hess had actually planned on
14 **increasing** its drilling operations in the Gulf of Mexico in 2010.

15 7. Thus, if the Proposed Buyout is allowed to proceed,
16 American Oil shareholders - who have seen a 1,000% increase in
17 their stock in the past year - will be forced to turn over their
18 American Oil shares in exchange for rapidly declining securities in
19 a company whose primary United States production in 2009 came from
20 the Gulf of Mexico. In the wake of the BP disaster, that is not a
21 good trade.

22 8. To illustrate, American Oil's stock price over the past
23 12 months is compared to that of Hess in the chart below:

24
25
26
27
28



11 9. The Individual Defendants, on the other hand, along with
 12 top Company executives, held a combined 8,199,762 shares as of
 13 April 27, 2010, and stand to gain at least **\$57 million** if the
 14 Proposed Buyout is consummated. Much of these holdings are in the
 15 form of illiquid large block or restricted stock options that could
 16 not have otherwise been sold in the near term.

17 10. In pursuing the unlawful plan to sell the Company for
 18 less than fair value, defendants have breached their fiduciary
 19 duties of loyalty, due care, independence, candor, good faith and
 20 fair dealing, and/or have aided and abetted such breaches. Instead
 21 of acting in the best interests of American Oil's shareholders,
 22 defendants spent a substantial effort tailoring the Proposed Buyout
 23 to meet their own needs and those of Hess. Immediate judicial
 24 intervention is warranted here to rectify existing and future
 25 irreparable harm to the Company's shareholders. Plaintiff seeks
 26 equitable relief only to enjoin the Proposed Buyout or,
 27 alternatively, rescind the Proposed Buyout in the event it is
 28 consummated.

JURISDICTION AND VENUE

11. This Court has jurisdiction over defendants because they conduct business in Nevada and/or are citizens of Nevada. American Oil is incorporated under the laws of the State of Nevada and conducts business in Nevada. This action is not removable.

12. Venue is proper in this Court because the conduct at issue took place and had an effect in this County.

PARTIES

13. Plaintiff Joseph V. Luvara is, and at all times relevant hereto was, a shareholder of American Oil.

14. Defendant American Oil is an independent oil and gas exploration and production company, incorporated in Nevada, engaged in acquiring oil and gas mineral leases and in the exploration and development of crude oil and natural gas reserves and production in the U.S. Rocky Mountain region. American Oil is traded on the New York Stock Exchange under the ticker AEZ.

15. Defendant Patrick D. O'Brien ("O'Brien") is the CEO and Chairman of American Oil's Board and has occupied those positions since February 2003. As of April 27, 2010, O'Brien held 2,873,859 shares of American Oil common stock, meaning that he will stand to gain over \$20 million if the Proposed Buyout is consummated. Along with these common stock holdings, O'Brien holds restricted stock options that, absent consummation of the Proposed Buyout, would not have been exercisable until 2014.

16. Defendant Andrew P. Calerich ("Calerich") has been the Company's President since July 2003, a director since October 2003 and was CFO from July 2003 through June 29, 2006. As of April 27, 2010, O'Brien held 1,552,188, shares of American Oil common stock,

1 meaning that he will stand to gain over \$10 million if the Proposed
2 Buyout is consummated. Along with these common stock holdings,
3 Calerich holds restricted stock options that, absent consummation
4 of the Proposed Buyout, would not have been exercisable until 2014.

5 17. Defendant Jon R. Whitney ("Whitney") has held a seat on
6 American Oil's Board since February 2005. Whitney is currently on
7 the Board's Compensation Committee, Audit Committee, and Nominating
8 and Corporate Governance Committee. As of April 27, 2010, Whitney
9 held 202,519 shares of American Oil stock.

10 18. Defendant Nick DeMare ("DeMare") has been on the American
11 Oil Board since October 2003 and is currently on the Board's
12 Compensation Committee, Audit Committee, and Nominating and
13 Corporate Governance Committee. As of April 27, 2010, DeMare held
14 415,819 shares of American Oil stock

15 19. Defendant Scott Hobbs ("Hobbs") has been on the American
16 Oil Board since 2008 and is currently on the Board's Compensation
17 Committee, Audit Committee, and Nominating and Corporate Governance
18 Committee. As of April 27, 2010, Hobbs held 143,519 shares of
19 American Oil stock.

20 20. The defendants named above in ¶¶15-19 are sometimes
21 collectively referred to herein as the "Individual Defendants."

22 21. Defendant Hess, a Delaware corporation with headquarters
23 in New York, is a global integrated energy company engaged in the
24 exploration, production, purchase, transportation and sale of crude
25 oil and natural gas, as well as the production and sale of refined
26 petroleum products. Hess is traded on the New York Stock Exchange
27 under the ticker HES.

28

CLASS ACTION ALLEGATIONS

22. Plaintiff brings this action individually and as a class action on behalf of all holders of American Oil stock who are being and will be harmed by defendants' actions described below (the "Class"). Excluded from the Class are defendants herein and any person, firm, trust, corporation, or other entity related to or affiliated with any defendant.

23. This action is properly maintainable as a class action.

24. The Class is so numerous that joinder of all members is impracticable. According to American Oil's Securities and Exchange Commission ("SEC") filings, there are more than 60 million shares of American Oil common stock outstanding, held by hundreds if not thousands of shareholders geographically dispersed across the country.

25. There are questions of law and fact which are common to the Class and which predominate over questions affecting any individual Class member. The common questions include, *inter alia*, the following:

(a) whether the Individual Defendants have breached their fiduciary duties of undivided loyalty, independence or due care with respect to plaintiff and the other members of the Class in connection with the Proposed Buyout;

(b) whether the Individual Defendants are engaging in self-dealing in connection with the Proposed Buyout;

(c) whether the Individual Defendants are unjustly enriching themselves and other insiders or affiliates of American Oil;

1 (d) whether the Individual Defendants have breached any
2 of their other fiduciary duties to plaintiff and the other members
3 of the Class in connection with the Proposed Buyout, including the
4 duties of good faith, diligence, honesty and fair dealing;

5 (e) whether the defendants, in bad faith and for
6 improper motives, have impeded or erected barriers to discourage
7 other offers for the Company or its assets; and

8 (f) whether plaintiff and the other members of the Class
9 would suffer irreparable injury unless defendants' conduct is
10 enjoined.

11 26. Plaintiff's claims are typical of the claims of the other
12 members of the Class and plaintiff does not have any interests
13 adverse to the Class.

14 27. Plaintiff is an adequate representative of the Class, has
15 retained competent counsel experienced in litigation of this
16 nature, and will fairly and adequately protect the interests of the
17 Class.

18 28. The prosecution of separate actions by individual members
19 of the Class would create a risk of inconsistent or varying
20 adjudications with respect to individual members of the Class which
21 would establish incompatible standards of conduct for the party
22 opposing the Class.

23 29. Plaintiff anticipates that there will be no difficulty in
24 the management of this litigation. A class action is superior to
25 other available methods for the fair and efficient adjudication of
26 this controversy.

27 30. Defendants have acted on grounds generally applicable to
28 the Class with respect to the matters complained of herein, thereby

1 making appropriate the relief sought herein with respect to the
2 Class as a whole.

3 **BACKGROUND TO THE PROPOSED BUYOUT**

4 31. American Oil is an independent oil and gas exploration
5 and production company, incorporated in Nevada, engaged in
6 acquiring oil and gas mineral leases and the exploration and
7 development of crude oil and natural gas reserves and production in
8 the U.S. Rocky Mountain region. American Oil's focus has been on
9 building large acreage positions in the Rocky Mountain region and
10 performing initial drilling and completion activities in an attempt
11 to establish commercial production in these areas. At December 31,
12 2009, American Oil owned interests in approximately 514,000 gross
13 (320,600 net) acres primarily in the Powder River Basin of Wyoming,
14 in the Williston Basin of North Dakota and in its Bigfoot project
15 in the Rocky Mountain region. In the Powder River Basin, its major
16 projects are Fetter and Krejci. In the Williston Basin, its major
17 project is Goliath, where it is drilling lateral wells to the
18 Bakken and Three Forks oil formations. During the year ended
19 December 31, 2009, it drilled 11 gross (8.25 net) shallow gas wells
20 at Bigfoot, acquired interests in 10 gross (0.6 net) wells
21 previously drilled at Goliath and sold interests in three gross
22 (one net) wells previously drilled at Goliath.

23 32. On July 27, 2010, Hess and American Oil jointly announced
24 that both companies had entered into a merger agreement whereby
25 each outstanding share of American Oil common stock would be
26 exchanged for 0.1373 shares of Hess common stock (the "Proposed
27 Buyout"). The July 27, 2010 press release states:

28

Hess Corporation to Acquire American Oil & Gas, Inc.

Hess Corporation and American Oil & Gas, Inc. jointly announced today that Hess has agreed to acquire American Oil & Gas pursuant to a merger agreement approved by the Boards of Directors of both companies in an all-stock transaction. The acquisition will increase Hess' strategic acreage position in the Bakken oil play in North Dakota by approximately 85,000 net acres.

Under terms of the agreement, Hess has agreed to issue 0.1373 shares of its common stock in exchange for each outstanding share of American Oil & Gas' common stock. This represents a 9.4 percent premium to American Oil & Gas stockholders based on the closing stock prices of Hess' and American Oil & Gas' shares on July 27, 2010. It is expected that Hess would issue approximately 8.6 million shares for all outstanding American Oil & Gas shares and options on a net settlement basis. The merger agreement provides for a possible cash dividend to American Oil & Gas' stockholders to the extent of American Oil & Gas' positive working capital as of the closing date (subject to certain adjustments that are described in the merger agreement) and subject to available cash. Hess has committed (subject to the terms and conditions of a customary commitment letter) to provide American Oil & Gas with a \$30 million working capital credit facility to help finance American Oil & Gas' planned exploration and production activities and other working capital needs prior to the closing of the transaction.

"This acquisition builds upon our strong land position in the Bakken, leverages our nearby infrastructure and offers operational synergies," said Greg Hill, President of Worldwide Exploration and Production at Hess.

"We believe this transaction captures the value that we have been able to create since our initial entry in the North Dakota Bakken play four years ago," said Pat O'Brien, CEO of American Oil & Gas. "We are excited about the leverage our stockholders will gain not only to Hess' compelling Bakken position and developmental activities, but also to Hess' large and diverse global project portfolio."

The transaction is subject to customary closing conditions, including approval of American Oil & Gas' shareholders. Holders of approximately 20.5 percent of American Oil & Gas common stock have agreed to vote their shares in favor of the merger. Completion of the transaction is expected in the fourth quarter of 2010. In connection with the transaction, Goldman, Sachs & Co. is acting as financial advisor to Hess, and Tudor,

1 Pickering, Holt & Co. Securities Inc. is acting as
2 financial advisor and provided a Fairness Opinion to
3 American Oil & Gas. Legal counsel is being provided by
White & Case LLP for Hess and Patton Boggs LLP for
American Oil & Gas.

4 33. The Proposed Buyout, according to the joint press
5 release, represents a mere 9.4% premium to the price of American
6 Oil's stock at closing on July 27, 2010. But the market viewed the
7 Proposed Buyout even less favorably. After the announcement, on
8 July 28, 2010, American Oil's shares closed at \$7.14 per share,
9 representing only a 6.73% increase from the day before. The July
10 28, 2010 closing price also represents a **discount** to American Oil's
11 stock price on May 3, 2010, which hit \$7.74 per share.

12 34. The Proposed Buyout also represents a significant
13 discount to analysts' expectations of American Oil's stock price.
14 According to Thomson/First Call, one analyst set a target price of
15 **\$10.00 per share** and the mean target of all seven analysts covering
16 American Oil was \$8.79 per share before the announcement of the
17 Proposed Buyout.

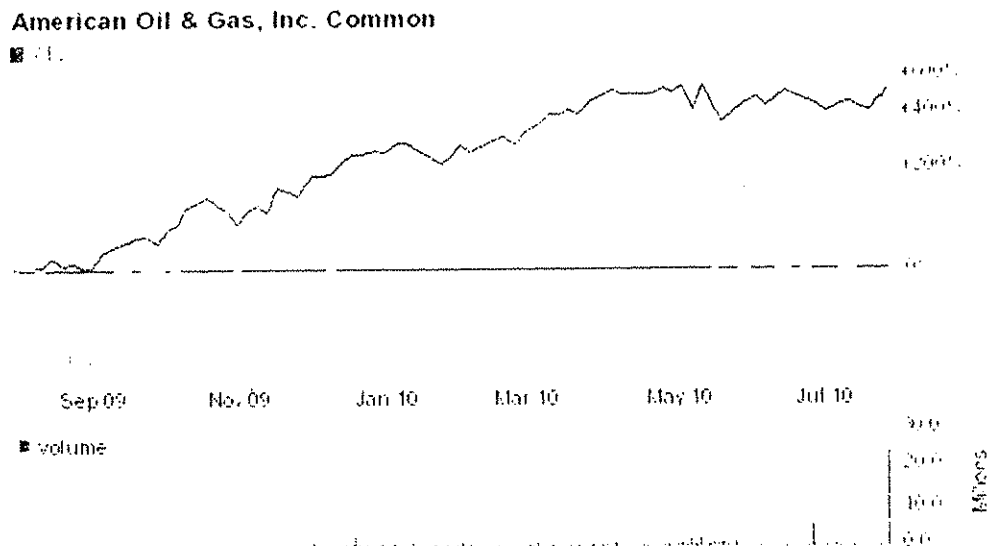
18 35. American Oil's stockholders have enjoyed tremendous gains
19 in the value of their stock throughout the past year. The paltry
20 consideration offered by Hess does not take into account the
21 significant improvement in American Oil's financial performance
22 that propelled the Company's stock price from just \$0.61 per share
23 to \$6.69 per share on July 27, 2010, **representing a 1000% increase.**
24 That rise would have continued unabated but for the announcement of
25 the Proposed Buyout on July 27, 2010, which serves to temporarily
26 restrict the ascension of American Oil's stock price. Over the
27 next four quarters, according to Thomson/First Call, analysts
28 predict astounding 822.50% and 265.70% increases in American Oil's

1 sales growth over this year and next, respectively. For the next
 2 quarter, analysts predict a **1,150.50%** increase in American Oil's
 3 sales.

4 36. Hess's stock price, on the other hand, has seen a nearly
 5 20% decrease in the past three months. Notably, Hess's production
 6 in the United States was derived principally from properties
 7 offshore in the Gulf of Mexico, which include the Shenzi (Hess
 8 28%), Llano (Hess 50%), Conger (Hess 38%), Baldpate (Hess 50%),
 9 Hack Wilson (Hess 25%) and Penn State (Hess 50%) fields. According
 10 to its last annual report, Hess had actually planned on increasing
 11 its drilling operations in the Gulf of Mexico in 2010.

12 37. Thus, if the Proposed Buyout is allowed to proceed,
 13 American Oil shareholders - who have seen a 1,000 percent increase
 14 in their Company stock in the past year - will be forced to turn
 15 over their American Oil shares in exchange for rapidly declining
 16 securities in a company whose primary United States production in
 17 2009 came from the Gulf of Mexico. In the wake of the BP disaster,
 18 that is not a good trade.

19 38. To illustrate, American Oil's stock price over the past
 20 12 months is compared to that of Hess in the chart below:



1 43. By the acts, transactions and courses of conduct alleged
2 herein, defendants, individually and acting as a part of a common
3 plan, are attempting to advance their interests at the expense of
4 plaintiff and other members of the Class.

5 44. The Individual Defendants have violated and continue to
6 violate their fiduciary duties by attempting to enter into a
7 transaction without regard to the fairness of the transaction to
8 American Oil's shareholders. Defendants American Oil and Hess
9 directly breached and/or aided and abetted the Individual
10 Defendants' breaches of fiduciary duties owed to plaintiff and the
11 other holders of American Oil stock.

12 45. As demonstrated by the allegations above, the Individual
13 Defendants failed to exercise the care required, and breached their
14 duties of loyalty, good faith, candor and independence owed to the
15 shareholders of American Oil because, among other reasons:

16 (a) they failed to properly value American Oil; and
17 (b) they ignored or did not protect against the numerous
18 conflicts of interest resulting from their own interrelationships
19 or connection with the Proposed Buyout.

20 46. Because the Individual Defendants dominate and control
21 the business and corporate affairs of American Oil, and are in
22 possession of private corporate information concerning American
23 Oil's assets, business and future prospects, there exists an
24 imbalance and disparity of knowledge and economic power between
25 them and the public shareholders of American Oil which makes it
26 inherently unfair for them to pursue any proposed transaction
27 wherein they will reap disproportionate benefits, which will
28 absolve them of their liabilities, to the detriment of holders.

1 47. By reason of the foregoing acts, practices and course of
2 conduct, the Individual Defendants have failed to exercise ordinary
3 care and diligence in the exercise of their fiduciary obligations
4 toward plaintiff and the other members of the Class.

5 48. As a result of the actions of defendants, plaintiff and
6 the Class will suffer irreparable injury as a result of defendants'
7 self-dealing.

8 49. Unless enjoined by this Court, the Individual Defendants
9 will continue to breach their fiduciary duties owed to plaintiff
10 and the Class and may consummate the Proposed Buyout.

11 50. The Individual Defendants are engaging in self-dealing,
12 are not acting in good faith toward plaintiff and the other members
13 of the Class, and have breached and are breaching their fiduciary
14 duties to the members of the Class.

15 51. Plaintiff and the members of the Class have no adequate
16 remedy at law. Only through the exercise of this Court's equitable
17 powers can plaintiff and the Class be fully protected from the
18 immediate and irreparable injury which defendants' actions threaten
19 to inflict.

20 **PRAYER FOR RELIEF**

21 WHEREFORE, plaintiff demands preliminary and permanent
22 injunctive relief in his favor and in favor of the Class and
23 against defendants as follows:

24 A. Declaring that this action is properly maintainable as a
25 class action;

26 B. Enjoining defendants, their agents, counsel, employees,
27 and all persons acting in concert with them from consummating the
28 Proposed Buyout unless and until the Company adopts and implements

1 a procedure or process to obtain the highest possible price for
2 shareholders;

3 C. Directing the Individual Defendants to exercise their
4 fiduciary duties to obtain a transaction which is in the best
5 interests of American Oil's shareholders;

6 D. Rescinding, to the extent already implemented, the
7 Proposed Buyout and any of the terms thereof;

8 E. Awarding plaintiff the costs and disbursements of this
9 action, including reasonable attorneys' and experts' fees; and

10 F. Granting such other and further equitable relief as this
11 Court may deem just and proper.

12 DATED: July 29, 2010

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27 Attorneys for Plaintiff
28

AFFIRMATION

(Pursuant to NRS 239B.030)

The undersigned does hereby affirm that the preceding document filed in the above referenced matter.

 X Document does not contain the social security number of any person

-OR-

 Document contains the social security number of a person as required by:

 A specific state or federal law, to wit:

-or-

 For the administration of a public program

-or-

 For an application for a federal or state grant

-or-

 Confidential Family Court Information Sheet (NRS 125.130, NRS 125.230 and NRS 125B.055)

DATED: July 29, 2010

THE O'MARA LAW FIRM, P.C.


DAVID C. O'MARA, ESQ.